APPENDIX G - FINANCIAL DOCUMENTATION

APPENDIX G-1
COMPOSITE OVERVIEW
COST NEUTRALITY FORMULA

INSTRUCTIONS: Complete one copy of this Appendix for each level of care in the waiver. If there is more than one level (e.g. hospital and nursing facility), complete an Appendix reflecting the weighted average of each formula value and the total number of unduplicated individuals served.

D', G and G' were derived from the averages for the FY 00 and FY 01 372 Lag Reports and increased by 2.5% per year for FY 2002 through FY 2008. The annual inflationary index was calculated by averaging the unweighted CPI-U for the period January, 2000 through January of 2003. Factor D was based on the FY 01 372 Lag Report value and increased by 2.5% per year for FY 2002 through FY 08. Average waiver enrollment days were projected on the basis of the average of the Lag Report values FY 00 and FY 01.

Effective July 1, 2003, all providers of services funded under this waiver will be required to submit Annual Expenditure Reports (AERs) to the Department following the end of the fiscal year. The AER will break out waiver costs and unduplicated recipient count by contractor, by approved waiver service. These reports will be reconciled to the Department's AWACs billing and payment system. This will enable the Department to submit future 372 Reports, waiver renewals and waiver amendments based on actual costs and client count by approved waiver service category, effective FY 04.

LEVEL OF CARE: ICF/MR

YEAR	FACTOR D	FACTOR D'	FACTOR G	FACTOR G'
1	$29,547	$6,043	$115,408	$4,492
2	$30,287	$6,194	$118,293	$4,604
3	$31,043	$6,394	$121,250	$4,719
4	$31,891	$6,554	$124,281	$4,837
5	$32,667	$6,718	$127,388	$4,958

FACTOR C: NUMBER OF UNDUPLICATED INDIVIDUALS SERVED

YEAR	UNDUPLICATED INDIVIDUALS
1	2,011
2	2,011
3	2,011
4	2,011
5	2,011

EXPLANATION OF FACTOR C:

Check one:

_____ The State will make waiver services available to individuals in the target group up to the number indicated as factor C for the waiver year.

__X__ The State will make waiver services available to individuals in the target group up to the lesser of the number of individuals indicated as factor C for the waiver year, or the number authorized by the State legislature for that time period.

The State will inform HCFA in writing of any limit which is less than factor C for that waiver year.

APPENDIX G-2
METHODOLOGY FOR DERIVATION OF FORMULA VALUES

FACTOR D

LOC: ICF/MR

The July 25, 1994 final regulation defines Factor D as:

> "The estimated annual average per capita Medicaid cost for home and community-based services for individuals in the waiver program."

The demonstration of Factor D estimates is on the following page.

APPENDIX G-2
FACTOR D
LOC: ICF/MR

Demonstration of Factor D estimates:

Factor D estimates were developed as follows:

Projecting discrete services for this renewal request was made possible by CMS approving a Department request to use an individual cost plan sampling methodology. A total of 61 of 148 Supported Living and 91 of 233 Intensive Family Education and Support FY 03 cost plans were reviewed to develop discrete waiver service projections based on discrete service costs not available from the Department's billing and payment database. Cost plans were sampled from 100% of the providers delivering Intensive Family Education and Support and Supported Living services. Interpolated projections were within three percent of actual dollars paid against the bundled waiver service categories in FY 01. All discreet waiver service categories were then adjusted by the same percentage to match the actual expenditures for waiver services for FY 01. We believe this methodology results in valid projections by service category in both cost and utilization.

There were no individuals in sampled cost plans receiving respiratory therapy services, although the Department would like to retain this service option for waiver recipients. For this reason, respiratory therapy services were projected to be used by two individuals per year for the period for FY 04 through FY 08.

APPENDIX G-3
METHODS USED TO EXCLUDE PAYMENTS FOR ROOM AND BOARD

The purpose of this Appendix is to demonstrate that Medicaid does not pay the cost of room and board furnished to an individual under the waiver.

A. The following service(s), other than respite care*, are furnished in residential settings other than the natural home of the individual(e.g., foster homes, group homes, supervised living arrangements, assisted living facilities,

personal care homes, or other types of congregate living arrangements). (Specify):

Any of the allowable services in Appendix B2 may be delivered to persons in licensed foster homes or personal care homes, as long as these services are not integral with services customarily available to persons in these settings, the services are written in the plan of care, and the plan of care is approved by the department.

*NOTE: FFP may be claimed for the cost of room and board when provided as part of respite care in a Medicaid certified NF or ICF/MR, or when it is provided in a foster home or community residential facility that meets State standards specified in this waiver.)

B. The following service(s) are furnished in the home of a paid care giver. (Specify):

N/A

Attached is an explanation of the method used by the State to exclude Medicaid payment for room and board. N/A

APPENDIX G-4
METHODS USED TO MAKE PAYMENT FOR RENT AND FOOD EXPENSES OF AN UNRELATED LIVE-IN CARE GIVER

Check one:

___X___ The State will not reimburse for the rent and food expenses of an unrelated live-in personal care giver who lives with the individual(s) served on the waiver.

_____ The State will reimburse for the additional costs of rent and food attributable to an unrelated live-in personal care giver who lives in the home or residence

of the individual served on the waiver. The service cost of the live-in personal care giver and the costs attributable to rent and food are reflected separately in the computation of factor D (cost of waiver services) in Appendix G-2 of this waiver request.

Attached is an explanation of the method used by the State to apportion the additional costs of rent and food attributable to the unrelated live-in personal care giver that are incurred by the individual served on the waiver.

APPENDIX G-5

FACTOR D'

LOC: ICF/MR

NOTICE: On July 25, 1994, HCFA published regulations which changed the definition of factor D'. The new definition is:

"The estimated annual average per capita Medicaid cost for all other services provided to individuals in the waiver program."

Include in Factor D' the following:

The cost of all State plan services (including home health, personal care and adult day health care) furnished in addition to waiver services WHILE THE INDIVIDUAL WAS ON THE WAIVER.

The cost of short-term institutionalization (hospitalization, NF, or ICF/MR) which began AFTER the person's first day of waiver services and ended BEFORE the end of the waiver year IF the person returned to the waiver.

Do NOT include the following in the calculation of Factor D':

If the person did NOT return to the waiver following institutionalization, do NOT include the costs of

institutional care.

Do NOT include institutional costs incurred BEFORE the person is first served under the waiver in this waiver year.

If institutional respite care is provided as a service under this waiver, calculate its costs under Factor D. Do not duplicate these costs in your calculation of Factor D'.
APPENDIX G-5

FACTOR D' (cont.)

LOC: ICF/MR

Factor D' is computed as follows (check one):

_____ Based on HCFA Form 2082 (relevant pages attached).

_____Based on HCFA Form 372 for years____ of waiver #_____, which serves a similar target population.

_____ Based on a statistically valid sample of plans of care for individuals with the disease or condition specified in item 3 of this request.

__X____Other (specify):

Factor D' is compiled by ACS (formerly Consultec) for all persons opened for the waiver in the Montana Medicaid Information System. Persons in the waiver are enrolled with the DPHHS-DD/MA-55 Form at the local Office of Public Assistance. The service start date on the 55 Form is used to open the person for the waiver on the WACI screen with WO (waiver other) code. The person remains open until terminated with a new 55 form. All Medicaid state plan services delivered to a waiver individual are entered in the MMIS on the TEAMs screens. The list of persons entered as WO is reconciled with the SSNs of persons in DDP's AWACS billing and payment system. The DDP also contracts with ACS for the MMIS waiver client count, including waiver eligibility span data. The Factor G projections used in this renewal are based on the average Medicaid

State Plan cost of a DD Waiver recipient for lag years FY 00 and FY 01. Factor D' is increased by the annual projected CPI-U (2.5%) for each year of the renewal period

APPENDIX G-6

FACTOR G

LOC: ICF/MR

The July 25, 1994 final regulation defines Factor G as:

> "The estimated annual average per capita Medicaid cost for hospital, NF, or ICF/MR care that would be incurred for individuals served in the waiver, were the waiver not granted."

Provide data ONLY for the level(s) of care indicated in item 2 of this waiver request.

Factor G is computed as follows:

_____ Based on institutional cost trends shown by HCFA Form 2082 (relevant pages attached). Attached is an explanation of any adjustments made to these numbers.

_____ Based on trends shown by HCFA Form 372 for years _____ of waiver #_____, which reflect costs for an institutionalized population at this LOC. Attached is an explanation of any adjustments made to these numbers.

_____ Based on actual case histories of individuals institutionalized with this disease or condition at this LOC. Documentation attached.

_____ Based on State DRGs for the disease(s) or condition(s) indicated in item 3 of this request, plus outlier days. Descriptions, computations, and an explanation of any adjustments are attached to this Appendix.

___X___ Other (specify):
Factor G information is supplied to the Department under contract with ACS. This information is extracted from MMIS, and includes ICF-MR institutional costs and unduplicated ICF-MR client count. The Factor G projections used in this renewal are based on the average cost of an ICF-MR DD recipient for lag years FY 00 and FY 01. Factor G was increased by 2.5% per year for FY02 through through FY 08, based on the projected CPI_U.

If institutional respite care is provided as a service under this waiver, calculate its costs under Factor D. Do not duplicate these costs in your calculation of Factor G.

APPENDIX G-7

FACTOR G'

LOC: ICF/MR

The July 25, 1994 final regulation defines Factor G' as:

> "The estimated annual average per capita Medicaid costs for all services other than those included in Factor G for individuals served in the waiver, were the waiver not granted.

Include in Factor G' the following:

> The cost of all State plan services furnished WHILE THE INDIVIDUAL WAS INSTITUTIONALIZED.
>
> The cost of short-term hospitalization (furnished with the expectation that the person would return to the institution) which began AFTER the person's first day of institutional services.

If institutional respite care is provided as a service under this waiver, calculate its costs under Factor D. Do not duplicate

these costs in your calculation of Factor G'.

APPENDIX G-7

FACTOR G'

LOC: ICF/MR

Factor G' is computed as follows (check one):

_____ Based on HCFA Form 2082 (relevant pages attached).

_____ Based on HCFA Form 372 for years FY 00 and FY 01 of waiver # 0208.90 , which serves a similar target population.

_____ Based on a statistically valid sample of plans of care for individuals with the disease or condition specified in item 3 of this request.

X Other (specify):

Factor G' data is supplied to the Department under contract with ACS (formerly Consutec), based on actual state plan costs for Montana's ICF-MR recipients. Factor G' was increased by 2.5% per year for FY02 through FY 08.

APPENDIX G-8

DEMONSTRATION OF COST NEUTRALITY

LOC: ICF/MR

YEAR 1

FACTOR D:	$29,547	FACTOR G:	$115,408
FACTOR D':	$6,043	FACTOR G':	$4,492
TOTAL:	$35,590 <	TOTAL:	$119,900

YEAR 2

FACTOR D:	$30,287	FACTOR G:	$118,293
FACTOR D':	$6,194	FACTOR G':	$4,604
TOTAL:	$36,481 <	TOTAL:	$122,897

YEAR 3

FACTOR D:	$31,043	FACTOR G:	$121,250
FACTOR D':	$6,394	FACTOR G':	$4,719
TOTAL:	$37,437 <	TOTAL:	$125,969

YEAR 4

FACTOR D:	$31,891	FACTOR G:	$124,281
FACTOR D':	$6,554	FACTOR G':	$4,837
TOTAL:	$38,445 <	TOTAL:	$129,118

YEAR 5

FACTOR D:	$32,667	FACTOR G:	$127,388
FACTOR D':	$6,718	FACTOR G':	$4,958
TOTAL:	$39,385 <	TOTAL:	$132,346